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**OFFICE OF PUBLIC INSTRUCTION**

**PO BOX 202501  
HELENA MT 59620-2501  
Superintendent  
www.opi.state.mt.us  
(406) 444-3095  
(888) 231-9393  
(406) 444-0160 (TTY)**

**Linda McCulloch**

**DATE:** October 18, 2004

**SUBJECT:** Severe Need Breakfast Cost Record Requirement Eliminated

**TO:** School Food Authority (SFA) Administrators

**FROM:** Christine Emerson, Director  
School Nutrition Programs

Beginning with school year 2004-05, schools are no longer required to maintain cost records to receive the severe need reimbursement rate for the School Breakfast Program. However, any claims outstanding from school year 2003-04 are still subject to the cost-accounting procedures for severe need assistance.

Schools must have served 40 percent or more of their lunches to free or reduced-price students in the second preceding year in order to receive severe need assistance. USDA will determine how the 40 percent test is met for schools that did not serve lunches in the second preceding year and will issue further guidance on this new provision.

If you have questions, please contact Holly Humphrey, School Nutrition Programs Specialist, (406) 444-4413.

